

Members

Sen. Patricia Miller, Chairperson
Sen. Vaneta Becker
Sen. Connie Sipes
Sen. Timothy Skinner
Rep. David Frizzell
Rep. Mae Dickinson
Rep. David Orentlicher
Rep. Don Lehe



FSSA EVALUATION COMMITTEE

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Authority: P.L. 197-2003

MEETING MINUTES¹

Meeting Date: October 25, 2005
Meeting Time: 1 P.M.
Meeting Place: State House, 200 W. Washington St.,
Senate Chambers
Meeting City: Indianapolis, Indiana
Meeting Number: 3

Members Present: Sen. Patricia Miller, Chairperson; Sen. Vaneta Becker; Sen. Connie Sipes; Sen. Timothy Skinner; Rep. David Frizzell; Rep. Mae Dickinson.

Members Absent: Rep. David Orentlicher; Rep. Don Lehe.

Sen. Pat Miller, Chairperson, called the meeting to order at 1:10 p.m. She pointed out that five votes would be required to recommend any legislation to the General Assembly. Sen. Miller also noted that Rep. David Orentlicher teaches on Tuesdays and could not attend.

Proposed Legislation: Administrative Changes

The first item addressed was PD 3382 (Exhibit A) which establishes the Division of Aging. Sen. Miller indicated that she expected a lot to change to the bill draft in the January session. Also, she said that although a draft moving First Steps from the Division of Family Resources to the Division of Disability and Rehabilitative Services had been developed for consideration by the Committee, action was deferred to the Indiana Commission on Mental Retardation and Developmental Disabilities, which was considering similar legislation.

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.in.gov/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

Sen. Miller called on Ms. Ann Naughton, Legislative Services Agency, to describe PD 3382. Ms. Naughton explained that the draft separated certain programs concerning the elderly and some disabled individuals from the existing Division of Disability, Aging, and Rehabilitative Services and then followed the pattern for other divisions within FSSA, including creating an advisory council. Mostly the draft was conforming amendments.

Ms. Melissa Durr, Executive Director, Indiana Association of Area Agencies on Aging, rose to support the bill draft. However, she raised a concern about creating a division advisory council similar to other division advisory councils, since these councils have no responsibility assigned in statute. Ms. Durr indicated she would support the draft without the division advisory council.

Mr. John Caldwell, Indiana Home Care Task Force, said that although he had not had an opportunity to look at draft at length, he supported what Ms. Durr had said. Mr. Caldwell said that the question will be where programs fit. He indicated that some services for people with a disability are compatible with services for the aging.

Rep. David Frizzell then moved deletion of the division advisory council. The motion was seconded and taken by consent. Sen. Becker moved the draft and it was seconded. Roll call was taken, and with six ayes and no nays the Committee recommended the draft to the General Assembly.

Proposed Legislation: Confidentiality for LSA Study

Sen. Miller introduced PD 3324. Ms. Naughton explained that the draft would require FSSA to provide the evaluation staff of LSA the names, addresses, and telephone numbers of individuals who receive services administered by the Office of the Secretary of Family and Social Services for the purpose of a survey required by SCR 7-2005.

Rep. Mae Dickenson asked about the purpose of the survey. Sen. Miller said it was to find out if needs are being met. She explained that LSA needed names and addresses for a random survey and that confidentiality under the draft would protect names and addresses given to LSA. Sen. Miller explained that an alternative would be to stop people at offices, but having names and addresses would be more efficient and would provide for random sampling.

In answer to Sen. Timothy Skinner, it was noted that only the quality of service would be discussed, not the services the individual receives. Sen. Skinner asked if individuals would have incentives to speak freely. Sen. Miller indicated that LSA would do the survey.

Ms. Lettie Oliver, AFSCME, indicated concerns regarding misuse of the survey. Ms. Oliver opined that it would be fairer to workers to have people come in and see how people are being processed. She indicated that a consumer may have a negative opinion because they had been denied eligibility. Ms. Oliver said that workers had received an email from FSSA that said the McCormick Group had been hired to survey customer satisfaction.

Ms. Robin Shackleford, Indiana Health Care Association, said that nursing home providers and nurses should be added to the survey.

Sen. Miller, called on Ms. Naughton to read an amendment to address concerns that information from the survey that would identify an individual would be kept confidential. After it was properly moved and seconded, the amendment was adopted by consent.

At the request of Sen. Connie Sipes to provide more information about the FSSA survey, Mr. John Okeson, Legislative Director, Office of the Council General, FSSA, indicated that the McCormick Group had been contracted to determine customer satisfaction. Mr. Okeson said that in some ways the two surveys may be looking for the same information, but that he was not certain that they can work together. Mr. Okeson said in response to questions from Sen. Skinner and Sen. Becker that he could return to the Committee to provide information on sample size and cost and that legislators could contact the McCormick Group directly.

Mr. Jim Jones, Indiana Council of Community Mental Health Centers, Inc., indicated that FSSA already has surveys on consumer satisfaction.

The question on recommending the draft as amended was called. The matter was seconded and failed in a roll call vote of four ayes and two nays.

FSSA-Related Committees, Boards, Councils, and Commissions

Sen. Miller returned the Committee to a discussion begun at the last meeting regarding 57 committees, boards, councils, and commissions (committees) related to FSSA. She said that several advocate groups had responded to a request to review the listing of committees, but she recommended that LSA look at the matter further by getting more input, and then return to the Committee with a report in the 2006 interim. Sen. Miller asked for a motion to assign further review to staff for the 2006 interim. Sen. Becker offered the motion, Sen. Skinner seconded it, and it passed six to zero.

Sen. Miller also asked for a motion concerning assignment of the survey of consumers and service providers contained in SCR 7-2005 to LSA. Sen. Sipes questioned whether the charge to LSA needs to be changed to address duplication of the FSSA survey. Sen. Miller indicated that LSA will work to eliminate duplication. After a proper motion and second, the motion passed six to zero.

Electronic Reporting Requirement Study

Sen. Miller, called on Mr. Philip Sachtleben, Executive Director, LSA, to discuss a review of electronic reports to the General Assembly required by statute. Mr. Sachtleben distributed a report (Exhibit C) and explained that agencies used to provide reports to all 150 legislators. Then, through a Legislative Council resolution, LSA was supposed to be the central repository for statutorily required reports. A couple of years ago, the Legislature enacted a law that required agencies to provide electronic reports to LSA only. These reports are now available on the Legislature's website. It appeared, however, that not all reports were coming through, or that they were not coming through electronically. The Legislative Council asked for a review of statutorily required reports and assigned the review to this Committee.

The review provided the status of the report as received, delayed, or not received. Results indicated that some entities required to report were no longer in statute and that some statutes are not clear on who is required to report. Of the 186 statutorily required reports, LSA had received 55 electronically (approximately 33%) and 26 more were delayed. Through the review, efforts were made to contact agencies that had not submitted reports, so agencies were made aware of the reporting requirements. Mr. Sachtleben suggested that some reports may merit eliminating. He elaborated with an example of a requirement for a report from Purdue University where no one had a prior report nor was anyone working on a current report, suggesting that the report may no longer be necessary.

In response to Rep. Frizzell, Mr. Sachtleben indicated that reporting compliance was not a duty of LSA and that no one is required to ensure compliance. He said for years it was hard to tell if agencies were in compliance because the reports were sent to legislators' offices, homes, etc. He said that the receipt of reports was now centralized, and that the law now says it is illegal to print reports. Mr. Sachtleben suggested that LSA could put the report that shows the status of each statutory report on the LSA website, but that he had not been asked to track down reports. Rep. Frizzell asked how agencies will know that they are not in compliance. Mr. Sachtleben said that it is the duty of the person in charge of the agency to know that they have to report to the Legislature.

In response to questions from Sen. Skinner, Mr. Sachtleben said that the reports are in state law and that the statute includes, in most cases, who must report, but there is no enforcement mechanism. Sen. Miller said that the Committee should work to weed out the unneeded reports and then enforce compliance. She had a draft letter prepared to send to the members of the General Assembly so the Committee could find out which reports are important. With responses from the members, the Committee could report back to the Legislative Council on what reports are needed. She asked that the Committee approve the letter.

Sen. Sipes suggested asking legislators to recommend reports that can be removed to make the task easier. Sen. Miller received a motion to amend the letter to ask for reports that can be eliminated. It was seconded and taken by consent. The letter was then approved by the Committee six to zero in a roll call vote. There was no testimony concerning the electronic reporting. After being properly moved and seconded, the motion to send out the letter, analyze the results, and forward them to the Legislative Council was passed six to zero in a roll call vote.

Reconsideration of PD 3324

Rep. Dickenson asked if she could change her vote concerning PD 3324. After consulting with Mr. Sachtleben, Sen. Miller said that the vote could be reconsidered. Rep. Dickenson stated that she had voted no before because she was concerned about duplication. However, the FSSA survey was being completed by an unknown entity and she would be more comfortable with an LSA survey. Sen. Miller called for a revote on PD 3324 as amended. When asked for her vote, Sen. Sipes commented that she was voting no because she is concerned about duplications, but that she would prefer that LSA complete the survey. The motion passed in a roll call vote of five to one.

Public Comment

Ms. Oliver returned to the issue of privatization of eligibility and hospitals discussed at the previous two meetings. She indicated that Mr. Chris Fox, AFSCME International, would be presenting a white paper concerning privatization of eligibility. She also talked about the Fort Wayne Developmental Center being given to Liberty, and by 2007 being closed. Ms. Oliver expressed concern about workers not being included in decisions because they are the ones working with the communities and the patients. She opined that the Evaluation Committee should consider the whole picture and that a move to privatization should go slowly because the change will affect so many people.

Mr. Fox distributed three documents, including Report on Proposal to Restructure/Privatize the Indiana Family and Social Services Administration (Exhibit D), Eligibility Testimony (Exhibit E), and State Hospital Testimony (Exhibit F). He indicated that the last document supplemented

his remarks before the Committee on October 12, 2005. Mr. Fox discussed why it is not time for massive change, he discussed examples from other states where state privatization efforts did not improve services, and he contested findings in a KPMG audit of eligibility. Complete remarks can be found in the handouts.

Sen. Skinner asked how the state would go back from privatization. Mr. Fox said that he did not know if that had been done and that once infrastructure is given to a private entity, it is hard to get it back. Sen. Skinner then asked about privatization: Are contracts negotiated on a time basis? Are contracts always cost plus profit? Are bids taken from several different contractors each time the contract is up for renewal? Do employees stay the same even if the contractor changes? Mr. Fox indicated that significant transition costs will most likely cause the state to stay with a single contractor and squeeze out other contractors.

Ms. Tanisha Howard, a 6th grader, said that privatization has not been successful and asked who will help workers and clients once jobs are contracted out of state. She discussed how privatization would take work from state residents. She said it would be difficult to have families and children looking forward without jobs for parents. She asked the Committee to vote no on privatization.

Ms. Donna Ross, state employee, discussed federal legislation that could result in states losing federal support if certain services are privatized. She discussed how clients have not gotten employment through contractors, yet the contractors continue to get more money from the state. She said that clients ask why we send them to these private contractors, when they get jobs on their own. She asked if the state does not have competent people within state government who can make FSSA work more effectively.

Secretary Mitch Roob was asked to address the Committee. He discussed the closure of Fort Wayne Developmental Center saying that FSSA and advocates believe it is in best interest of clients to receive care at home. He said 12 patients have been identified who won't be able to live in the community, and that the care at Fort Wayne Developmental Center has the highest cost of state facilities. He talked about how the dollars could be moved away from the Center to underserved communities. He said he had met with employees, and then Liberty met with them. Secretary Roob said that employees will be offered the same or higher wages and benefit packages, but that the facility will be closed in a couple of years.

Secretary Roob said that FSSA is considering what to do with the state hospitals, and that he has been traveling the state asking concerned people about localization. Secretary Roob said that the best example of why localization is important is Fort Wayne Developmental Center. He said the Center's model is past its prime and that it has not been able to change. He proposed that locally chartered nonprofits take over the three state hospitals that were most recently renovated. The care model and care received at these hospitals is good, and now is time to give them freedom from state government. Government as the employer has not been good at changing the care model to keep pace with changes. If the census were to drop 10%, these entities would be substantially in the red. Not only is the quality of care important, but the cost of care is important. Secretary Roob said that FSSA is willing to not localize, but 20 years from now a secretary will have to go to these places to deliver the same message he just delivered at Fort Wayne Developmental Center. He talked about how FSSA currently outsources most of its work.

He said that there are issues surrounding welfare outsourcing. He indicated that almost all work for Medicaid is outsourced to EDS, to processors, or to Deloitte and that none of firms are housed in Indiana. Secretary Roob said that an Indiana company lost the Medicaid contract in the mid-1990s because the administration did not feel they were doing well. He explained that

the accounting system is so antiquated that masters-level social workers are turned into data enterers by using an example of signing up Hurricane Katrina victims for services. He challenged Mr. Fox's comments concerning there being no Medicaid error rates. He talked about eligibility for waivers and the poor job currently being done. He explained the steps required to sign up someone for disability services and said that FSSA doesn't have the ability to retool because they had inherited an unmitigated mess. Secretary Roob said FSSA will be issuing an RFI and the volume of conversation will increase because nothing is a done deal and FSSA will welcome input. Addressing Ms. Ross' comments, he said that the Harken amendment is up for reconsideration today and it may make Indiana ineligible for federal funding today because of the Deloitte contract, but that it will not pass.

Secretary Roob said that the spin-off of state hospitals will be the easiest conversation FSSA will have. He said that the change in eligibility will not be like the BMV deal with the number of points of access decreasing. He said FSSA will be increasing the number. For example, Lake County will be adding out-station at facilities where services are delivered. Secretary Roob concluded that he is excited about going down the path to private partners, but he does not know what it will be like at the end.

In response to questions from Sen. Becker, Secretary Roob indicated that there are only certain services that will be turned over and that child welfare services will not. Secretary Roob said that the change will require people to have to deal with fewer people and fewer people will be involved in processing. He said that eligibility is determined differently at all 107 offices. Secretary Roob said that the change will substantially reduce the number of state employees because they will become employees of a contractor. He said that he does not know the number that will be reduced. Sen. Becker asked that Secretary Roob let members know well before meetings about changes. She said that at the Evansville meeting there were more questions raised than answered, but that did not mean that the Secretary had not been accessible. Sen. Becker said that she did not know what to tell people who called. Secretary Roob said to tell them that the system is so badly broken that it can't be rehabilitated with state employees or management.

Rep. Dickenson said that she remembered an announcement that 2,100 positions would be restructured. Secretary Roob said that he did not know where the process would end up. He said that FSSA will have at least one office in each county and that the previous administration had wanted to consolidate eligibility to one location in Marion County. Rep. Dickenson said that this change will be quite a challenge. Secretary Roob said that the change will provide different ways to access caseworkers with call centers, face-to-face visits, and Internet, and that wait times should decrease. Rep. Dickenson questioned the number of consumers who use the Internet, and Secretary Roob said the number may be higher than expected.

Sen. Skinner asked how to go back if privatization does not work. Secretary Roob indicated that the state would maintain the right to employ individuals and retain rights to the assets. Secretary Roob said he did not know how long the contract period would be, in response to Sen. Skinner's next question. Secretary Roob then discussed how attrition could be used to transition employees. Sen. Skinner questioned how the computer system would be redone at the same time that employees would be paid at or above the current level by contractors. Secretary Roob said that computer system is not part of this process. He said that FSSA is doing as much as it can as fast as it can because the system was so bad. He said the first step would be wrapping a GUI interface around the existing system to make it more user friendly. He said that in seven or eight years, the ICES system will be about 30 years old. ICES will have to be replaced because they will not be able to hire people who can work with the code.

Sen. Skinner asked about replacement costs. Secretary Roob said that there are many systems and they do not interact. He said the EDS system will change architecture by 2008 and by 2009 ICES will be recoded. He said if the changes are outsourced, FSSA will get input from the vendor. He estimated that rebuilding the ICES system today could start at \$100.0 M, and he pointed out that 90% of the cost was funded by the federal government. In response to another question from Sen. Skinner concerning the state purchasing or buying computer systems, the Secretary said that the software will be FSSA's, but that the hardware has a three-year life cycle and the question will be whether the vendor's or the state's cost of capital is less.

Rep. Frizzell commented that FSSA's first important goal is to expand services to people who need them and to reduce time to receive them. He commended Secretary Roob for progress so far. He said that concern must be for state employees and that retaining those that can be retained through privatization is important. He said that the Secretary has informed people of the process.

Discussion concerning the Secretary's meetings with union representatives ensued. Secretary Roob indicated he had met with the representatives and that he had worked through the State Personnel Director.

Sen. Miller, seeing no further questions from Committee members, said to Secretary Roob that the members of the General Assembly are concerned about the changes at FSSA and that he keep them informed.

Final Report

Sen. Miller called on Ms. Karen Firestone, LSA, to describe the draft final report (Exhibit G) and any changes that may be made as the result of action today. Ms. Firestone added two points: (1) The charge to the Committee concerning statutorily required electronic reports and the findings and recommendation to collect additional information for the Legislative Council; and (2) A finding and no recommendation concerning Step Ahead Councils.

The final report was moved by Sen. Sipes to be approved as amended, seconded by Rep. Frizzell, and approved six to zero in a roll call vote.

Adjournment

The meeting was adjourned at 3:50 p.m.